

Canada's Grain Trade

The diversion of the Grain Traffic

of

THE PRAIRIE PROVINCES

to

UNITED STATES SEAPORTS

FOR EXPORT,

and the suggested remedy in the use of the

National Transcontinental Railway

for the purposes for which it was built

Letters written to the Montreal Gazette

by

JAMES GUTHRIE SCOTT

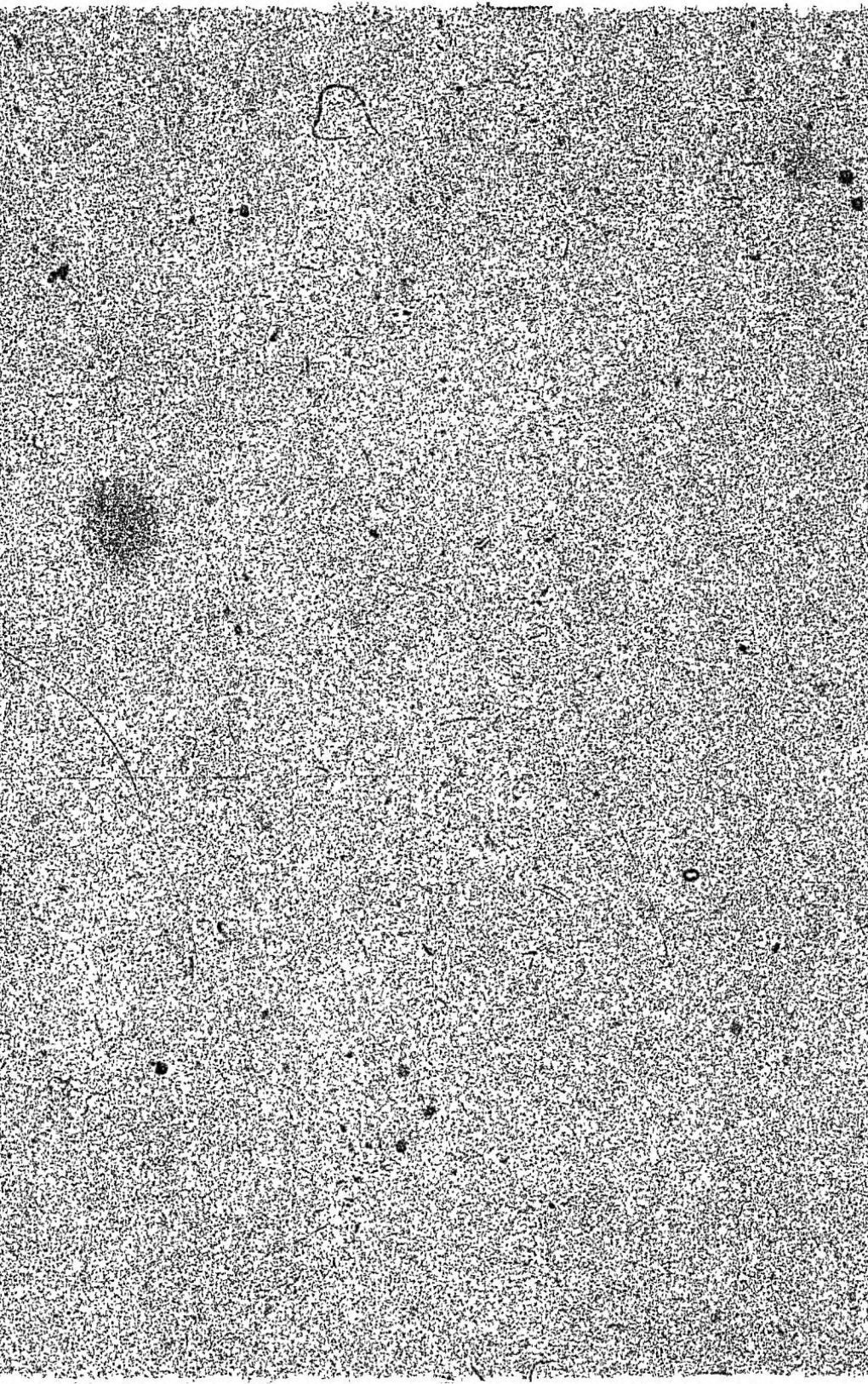
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Canada's Grain Trade

The following letters and other documents having reference to the diversion of the grain traffic of the Prairies' Provinces to United States seaports, for export, are printed in pamphlet form, with the hope that they may be of some use in helping to bring back to Canadian seaports a very large business, which our good neighbors to the south have been clever enough to gain almost the entire control of.

It is not very creditable to the business capacity of our merchants and transportation authorities that 80 per cent—according to Senator Bennett—of the export grain of Manitoba, Saskatchewan and Alberta goes, via Buffalo, to New York and other United States seaports, for shipment overseas, especially when we consider the great monetary sacrifice which Canada has made in building three transcontinental railways, with the view of controlling this traffic.

Unfortunately the position seems to be getting worse instead of better. The returns of the Statistical Department at Ottawa, published since these letters were written, giving details of the movement of the bountiful crop of 1922, show that from the 15th April to the close of navigation, 22nd December, 1922, the total shipments of grain by water from the head of the lakes amounted to 274,193,936 bushels, of which 150,226,027 went to Buffalo and other United States ports, 119,257,113 to the Georgian Bay and Port Colborne, and 4,710,796 to Montreal.

The statistics go on to show that the flour mills of Canada, largely supplied from the Georgian Bay elevators and from those at Port Colborne, grind about ten million bushels per month. If to this we add the quantity used for seed grain in Ontario, Quebec and the Maritime Provinces, it will be seen how very small a quantity of the Prairie Province grain is exported from Canadian seaports.

On the other hand, the United States duty of 30 cents per bushel prevents the use of any considerable quantity of Canadian wheat for consumption there. So that it may be assumed that almost all of the vast quantity of 150 million bushels sent to Buffalo has been exported through New York and other United States seaports.

The magnitude of this business which we are losing will be appreciated by a comparison with the export grain trade of the port of Montreal, of which all Canada is so proud, and which amounted, in the year 1922, to the record of 147,480,128 bushels.

Canadian grain must have paid from fifteen to twenty million dollars, last year, to United States railways and elevators. Would it not have been better to have spent that money in our own country?

Why should we give half of our export grain trade to United States seaports?

Why not make use of the new railway which we built for that purpose, by reducing the all rail rates on export wheat east of Fort William to the same basis as those west of Fort William and thus create four new channels for the export of this golden stream, through Quebec and Montreal in summer, and Halifax and St. John in winter? The use of these new channels would help to stop congestion such as took place in Montreal in 1922, when much money was said to have been lost through demurrage paid to lake vessels and to ocean steamers, a loss which must have eventually been paid by the western farmer.

It has been argued that Buffalo, Port Colborne and the Georgian Bay are convenient points to store Canadian grain awaiting winter export, on account of their proximity to the Atlantic. But Buffalo is 440 miles from New York. Whereas Montreal and Quebec are only 300 miles from Portland and 500 miles from St. John; and Halifax and St. John are both on the seaboard. So that this argument does not hold. Why not store the grain at our own seaports?

Quebec is 500 miles closer to Liverpool than New York is. It is equipped with two new modern elevators, with a storage capacity of two and a quarter million bushels, able to handle 15 to 20 million bushels during the season of navigation, with grain conveyors to its deepwater berths, and the former Minister of Railways, Mr Cochrane, promised to give us a 10 million bushel elevator at Wolfe's Cove, as requested by the Quebec Board of Trade, who also suggested the same equipment for Halifax and St. John for the winter trade. Quebec has twenty-five deepwater steamship berths and spacious freight sheds, and the largest ship afloat can come into our harbour, and load with safety, even if drawing 40 feet of water.

Quebec possesses the largest graving dock in the world, with the most modern machinery, capable of repairing the largest steamship afloat.

The National Transcontinental Division, of the Government Railway System, reduces the distance between Winnipeg and Quebec by 214 miles, and the recent completion of the great bridge over the St. Lawrence, at Quebec, extends that saving in distance to Halifax and St. John.

Marine insurance from Quebec, Halifax and St. John, although higher than New York rates, is ten per cent cheaper than those of Montreal.

Why not profit by all these advantages, and try to regain the trade that has been diverted to New York?

Why seek to spend more money on the railway to Hudson Bay and on the Great Waterways Scheme, in the hope of reducing the cost of transporting the grain of the northwestern farmer, at least until we have given the Transcontinental Ry a chance to prove that it can do what it was built for, by removing the absurd tariff which now prevents grain from coming over it?

Quebec, January, 1923.

THE DIVERSION

THE DIVERSION OF OUR GRAIN TRADE

To the Editor of The Gazette:

Sir,—The threatened embargo of the movement of the wheat of the prairie provinces for export to Europe, via Buffalo and New York, gives more than usual interest to the statistics of that movement for this year, just published by the Bureau of Statistics at Ottawa.

The Government return shows that from the 15th April to the 21st October, 1922, the shipment of Canadian grain by water from Fort William was, in round figures, as follows:

To Buffalo.....	61,000,000 bushels
To other U. S. lake ports.....	7,000,000 "
To Georgian Bay and Port Colborne.....	80,000,000 "
To Montreal.....	4,000,000 "
Total.....	152,000,000 bushels

(See figures at end of this pamphlet, for the whole year)

During the same period in 1921, the figures were:—

To Buffalo.....	36,000,000 bushels
To other U. S. lake ports.....	3,000,000 "
To Georgian Bay and Port Colborne.....	83,000,000 "
To Montreal.....	4,000,000 "
Total.....	126,000,000 bushels

There is poor comfort for Canadians in these figures. They indicate that the export movement of the prairie province grain, via U. S. lake ports and New York, has almost doubled in a year, whilst the movement to Canadian ports shows a decrease, notwithstanding the wonderful crop we have had. And when the season of navigation is over it will probably be found that Canadian grain has given the port of New York a grain export business almost as great in volume as the wonderful grain traffic (principally from U. S. sources) that passed through Montreal last year.

It must not be forgotten that out of the 80 million bushels sent to Canadian lake ports in Georgian Bay and Port Colborne, the great bulk was needed for the use of our flour mills and for seed grain, so that it is quite likely that the statement of Senator Bennett in Parliament, that 80 per cent of our western export of grain goes by New York, has again come true, and is, mayhap, under the mark.

This is the reward that eastern people get for having furnished the money to build three transcontinental railways.

It may be asked—why do not our railways bring this enormous traffic to Canadian seaports?

The answer will be found by a reference to the most recent railway tariff, common to all the railways. The western influence in Parliament was so strong this year as to compel the adoption of what was known as the Crows Nest basis. By this, the rate upon wheat from Calgary to Fort William is reduced to 15½ cents per bushel, for a distance of 1,295 miles. But the all-rail rate for 960 miles, from Fort William or Armstrong to Quebec or Montreal, is kept up to 21 cents, so that the lake and rail rate, to New York, via Buffalo, which is 16 1-4 cents, is very much cheaper, and 80 per cent of our business goes to a foreign port for shipment.

The Transcontinental Railway main line diverges from the other systems at Winnipeg, and is so straight that it shortens the distance to Quebec by 214 miles and to Montreal by 40 miles. It cannot, of course, be thought or suggested that the freight tariff is framed in such a way as to nullify these great advantages and to favor the lake route. But how otherwise can we explain the fact that western grain is carried from Winnipeg to Fort William for nothing, a distance of 419 miles? Or, in other words, that the Calgary shipper can send his grain to Fort William for the same price as to Winnipeg? It is true that the tariff makes the same concession to Armstrong, on the Transcontinental, but the concession is not bona fide, because from Armstrong to Montreal or Quebec the rate is kept up to 21 cents, which is prohibitive, so that not a bushel of export wheat is brought over the Transcontinental to Quebec or to Montreal?

Five years ago the rate between these points was six cents per bushel. If it were made proportionate to the new rates now in force west of Fort William it would be 11 cents, and the farmer of the Northwest would save five cents, as compared with what he pays to New York, which would stimulate the settlement of our prairie lands.

The all-water rate from Fort William to Montreal is one cent per bushel cheaper than to New York, but the difference is evidently not sufficient to counteract the lower ocean rates and cheaper marine insurance offered by New York, because less than three per cent of the grain shipped from Fort William this year went to Montreal by water direct.

The result of it all is:—

That New York is taking almost all the export grain trade of the prairie provinces;

That Canadian seaports are losing a trade almost as great in volume as the enormous grain trade done by Montreal last year;

That we are paying a tribute of twelve or fifteen million dollars to American railways for carrying our grain from Buffalo to New York;

That our own railways are being deprived of an enormous traffic which rightly belongs to them, and which would go a long way towards paying the railway deficits under which the country is groaning. I am told that, last winter, enginemen and trainmen on the Transcontinental Railway were glad to earn two dollars a day shovelling snow and cutting wood because there was no work for them, owing to the depression in pulpwood and the diversion of the grain traffic, whilst men of the same class on the American roads were earning from \$300 to \$600 per month hauling **our grain** from Buffalo to New York. And now the Americans have become so choked up with our business that they threaten to put an embargo on it.

That is the way we take care of our own people.

J. G. SCOTT,

80 St. Louis Street.
Quebec, 7th November, 1922.

EDITORIAL OF THE MONTREAL GAZETTE

(10 November, 1922)

THE GRAIN CARRYING TRADE

The port of Montreal is handling an immense quantity of grain this season, and when navigation closes will have exported upwards of 150,000,000 bushels, a volume much in excess of that of any other port in America. Mr. J. G. Scott, of Quebec, however, considers that the St. Lawrence route does not receive its due share of the export trade of Northwest wheat, and in a letter in The Gazette of yesterday made a plea for reduction of all-rail rates from Winnipeg to Montreal and Quebec sufficient to turn the traffic to the railways. Mr. Scott contends that in consequence of the diversion of the export of Canadian wheat to Buffalo and New York "our own railways are being deprived of an enormous traffic which rightly belongs to them, and which would go a long way towards paying the railway deficits under which the country is groaning." This deduction is drawn from the assumption that the railways can make a rate on grain low enough to successfully compete with vessel transportation, and still make money. That assumption rests on false premises. It cost the Canadian National railways \$1.08 to earn a dollar in the month of August, and upon the year's business there will be an operating deficit of many millions. If the rail haulage of wheat from Fort William to Montreal and Quebec at all water, or rail and water rates, was profitable to the railway, the lake fleet would be put out of business. Mr. Scott argues that the rail rate is kept prohibitory through the stupidity of the railway managers, but most people will believe that the rate is regulated with regard to cost of carriage. The Railway Commission may inter-

pose against an increase of freight rates, but certainly will offer no objection to a voluntary reduction by the railroads. The whole case, the simple fact is that the railways do not transport wheat from the head of Lake Superior to ocean ports because it does not pay during the season of navigation. Some grain does come forward in winter all-rail, at rates which presumably yield some profit to the carrier, and in consequence of the higher rate, wheat for December delivery is quoted at Winnipeg, 5 cents below the November price. To reduce all-rail rates to a figure that will permit successful competition with water carriage, so far from lessening "the railway deficits under which the country is groaning" would immensely increase those deficits. From the railway standpoint, it is better to abandon the traffic than to acquire it at a loss. And if Mr. Scott's suggestion was acted upon the consequence would be to subsidize the grain growers at the expense of the rest of the public.

The dominant position Canada has this year taken in the wheat exporting trade is remarkable. In the week ending November 2nd, for example, shipments from the principal Atlantic ports were as follows:

	Flour, bbls.	Wheat, bush.
New York.....	92,996	1,425,753
Philadelphia.....	8,478	1,503,000
New Orleans.....	67,965	818,176
Galveston.....	14,000	717,000
Montreal.....	99,964	4,371,861

The export from Montreal in the week was nearly as large as from all United States Atlantic ports together. Stocks of wheat in Canada, moreover, on October 28th, were immensely larger than in the United States, 93,638,000 bushels as compared with 37,410,000 bushels. Of the Canadian visible supply at that date 13,265,000 bushels was bonded grain in the United States held at Buffalo and in transit to New York for export. But by no means all the Northwestern wheat carried from the head of Lake Superior to Buffalo goes out through New York as Mr. Scott supposes; on the contrary, much of it is carried on to Montreal from Buffalo. In the first three weeks of October, 45 Canadian bottoms have brought wheat to this port from Buffalo. Writing on the subject of excessive lake rates, the commercial editor of the Manitoba Free Press recently said:—

"Already over fifty-five millions of wheat alone have been moved from the head of the lakes, and the loss to the farmers by excessive lake freights is at least 3 cents per bushel, or \$1,650,000, and probably some 21,000,000 bushels of this has been moved from lower lake ports to seaboard at an excess over ordinary rates of about 8 cents a bushel or \$1,680,000, or up to date the farmers of the West have lost through these iniquitous rates approximately \$3,330,000, and may well stand to lose all they hoped to gain from lower rates from the West to lake head."

Not all the calculated loss falls on the farmer, since a considerable portion is borne by the grain merchant. It is true, however, that lake freights have run up, even to a point permitting the railways to compete successfully, a most unusual occurrence. But suspension of coasting laws is not the remedy. Costly demurrage charges arising out of detention of vessels at trans-shipping points are responsible for the high rates, not a shortage of carriers, and unless storage and elevator facilities are enlarged the conditions of the present season will recur after every abundant Northwest crop. Measures will be taken doubtless to provide new accommodation for grain at all trans-shipping and terminal points, in order that grain growers may reap the advantage of higher prices from lower transportation cost. The railways cannot compete with the waterway except under subsidies from the public at large, Mr. Scott to the contrary notwithstanding, and the whole question of cheap and speedy export of grain will be solved when adequate storage is provided."

THE REPLY THE GRAIN TRAFFIC

To the Editor of The Gazette:

Sir,—In your editorial on the 10th inst. you take exception to the conclusions of my letter, which you were good enough to publish, in which I suggested that, by using the Transcontinental Railway, we might bring back to Montreal and Quebec a portion of the grain traffic of the prairie provinces, which is being diverted to New York for export, a diversion very large in volume, even in comparison with the wonderful grain export of Montreal.

You say:—"The railways do not transport wheat from the head of Lake Superior to ocean ports, because it does not pay during the season of navigation. To reduce all rail rates to a figure that will permit successful competition with water carriage, so far from lessening the railway deficits, under which the country is groaning, would immensely increase these deficits, and if Mr. Scott's suggestion was acted upon, the consequence would be to subsidize the grain growers, at the expense of the rest of the public."

The present tariff in force for wheat for export from Fort William, lake and rail, in packages, is to Montreal 15 cents per bushel, to New York 16 2-10 cents. Notwithstanding the lower rate, Montreal does not get the trade. Less than three per cent, of the water shipments from Fort William, this year, have gone to Montreal. It evidently requires greater inducements to re-divert the business from New York.

The same tariff fixes the all-rail rate from Fort William or Armstrong to Montreal, or Quebec, at 21 cents per bushel. Naturally New York takes it again, with its saving of nearly five cents per bushel; and the volume of it is now so great that our good friends to the south complain that we are blocking their outlet, and call upon the U. S. Government to stop us by an embargo.

The Senate at Ottawa, last session, after an exhaustive study of the question, and a full examination of railway experts, unanimously called upon our Government to put a stop to this deplorable state of affairs, by using the Transcontinental Railway, and they might have added by using the Government Mercantile Marine, instead of selling it, so as to counter-balance the lower rates of ocean freight from New York.

The Gazette says better to abandon the traffic than to acquire it at a loss, as rail competition with water carriage "would immensely increase the railway deficits."

Should we let it go at that and throw up the sponge, or should we make an effort to get back this vast trade, which we have bled ourselves white to develop?

I pointed out in my last letter that if the railway freight rate from Armstrong to Quebec or Montreal, which, at one time, was fixed by the Government management at six cents, were based upon the new rates now in force from Calgary to Fort William, it would be reduced to 11 cents per bushel, instead of 21, which would give us an advantage over New York, and a further benefit to the prairie farmer, of five cents per bushel.

Would the railway lose money in hauling wheat 960 miles for 11 cents per bushel?

Reference to the last report of the Minister of Railways shows that it cost \$4.91 per train mile, including all expenses of every kind, to operate the National Transcontinental Railway.

That would mean that a freight train carrying 60,000 bushels of wheat would cost \$4,713, or 7.85 cents per bushel. To this we should add the cost of hauling, probably two-thirds, or perhaps three-fourths of the cars, back, empty. This might increase the cost by perhaps one-third. And something should be added for the tonnage of such a train being beyond the average. But, on the other hand we must remember that perhaps 50 per cent, of the cost of \$4.91 per train mile consists of charges for management, maintenance, etc., which would be incurred whether these trains were run or not. So it might be fair to assume that even at a charge of 7.85 cents per bushel the railway would not be losing any money, and at 11 cents might make something. And we must not forget what Sir William Van Horne told us, many years ago, that 60 to 80 per cent of all that a railway earns is spent in wages and other expenses in the country through which its trains run. Would it be better for us that that money

should be spent in the country between Montreal or Quebec and Winnipeg, or in the country between Buffalo and New York? That is the question.

A railway tariff is not as unalterable as the laws of the Medes and Persians. It is rather, in its application to the various interests to be served and the competition to be met, in the nature of what the prayer-book calls "a moveable feast". As an illustration of what the railways find they can do, so as to favor certain localities, we find that the tariff on wheat:—From Goderich to Halifax, 1,305 miles, is 12 1-4 cents per bushel; from Calgary, to Fort William, 1,295 miles, is 15 6-10 cents per bushel; from Armstrong to Quebec, 960 miles, is 21 cents per bushel; from Winnipeg to Fort William, 419 miles, is free. So that the rates seem to vary, "selon les circonstances".

I am far from thinking, as you seem to suspect me of doing, that the rail rate is kept prohibitory through the stupidity of the railway managers. I feel quite sure that these complicated tariffs, which doubtless involve much give and take, and the conciliation of many conflicting interests, are framed by able men, who understand far more about the grain trade than an amateur like myself, whose only experience has been in handling a few million bushels a year, for some years, when the Great Northern Railway, of which I was manager, in conjunction with Mr. E. J. Chamberlin and Mr. C. J. Smith, of the Canada Atlantic, carried wheat from Parry-Sound to Quebec, 550 miles, for about five cents per bushel.

Nor do I forget that the recent Crow's Nest basis for grain freights west of Fort William has made a serious inroad upon the earnings of our railways, and that they should not be asked to make any more sacrifices.

But it seems to me that this is a question of securing an immense traffic to our railways and to our seaports, that we are **not getting at all** though it properly belongs to us. Is it better to make rates that will bring it to us, or to drop it altogether?

Would it not be better to make through rates on wheat alone, from the points of production to Montreal, Quebec, Halifax and St. John, say five cents per bushel cheaper than to New York, **for export only**, even if the concession had to be made up upon other goods? Such a policy would give the western farmer five cents more for his wheat—and what a stimulus that would be to colonization of the prairies—and it would give our seaports the business of which they are being deprived and for which they have paid so dearly.

Surely a clever railroad man, like Mr. Hayes, would never have made the rate of six cents per bushel from Armstrong to Quebec, as he did five years ago, when costs of operating were not very far below what they are today, if he had not seen his way at least to pay expenses, and surely the then Minister of Railways would not have

declared in Parliament that the railway lost no money in carrying at that price, if it were not so. Why, then, make the rate 21 cents today? There is a wide margin between the two rates.

If the West grows, as it should grow, with a wise colonization policy—a policy which will not compel the farmer of the Calgary district to pay 36 cents to carry a dollar's worth of wheat to Montreal or Quebec, as he does today—the hundred million bushels which are now exported by New York will be sent to Canadian seaports, and will soon be three times that quantity. If the present policy is persisted in, it will mean a corresponding increase in the tonnage of the Lake Superior-Buffalo boats, in the capacity of the Buffalo elevators, and in the volume of our grain exported from U. S. seaports to the detriment of our own. Is it for this result that we are groaning under railway deficits, which more than swallow up the huge income tax that we have to pay?

The Gazette is quite right in saying that "the whole question of cheap and speedy export of grain will be solved when adequate storage is provided". That is just the ground taken by the Quebec Board of Trade, when, eight years ago, and every year since, they urged upon the Government to build ten million bushels storage at Quebec, ten at Halifax and ten at St. John, so as to give these ports the same storage as Montreal, and thus provide four outlets for the stream of grain, instead of one. But the Government knew better, and, instead, they increased the storage of the upper lakes and the prairies to 200 million bushels, and left our seaports with less than 20. And as 200 will not pour into twenty, something had to burst, and it burst at Buffalo.

J. G. SCOTT.

Quebec, 12 Nov., 1922.

COLONIZATION THE CURE FOR RAILWAY DEFICITS

To the Editor of The Gazette:

Sir,—All the best authorities seem to agree that the only remedy for the continued railway deficits, which are eating up the proceeds of the heavy taxation imposed by the government and retarding the business of the country, will be found in increased population, along the lines of the railways, which have been overbuilt. All seem to unite in the opinion that notwithstanding the great development of the country, the result of the last census is a distinct disappointment, the increase in population which should have resulted from immigration being almost counterbalanced by the loss of our young people who have gone across the border, many of them nativeborn and of the agricultural class, which it is so important to retain.

The Hon. Mr. Stewart strikes the right note when he says that it is quite as important to retain our own people in Canada as to attract immigrants from other countries.

May I make a suggestion upon this point which I think will show how it is possible to keep our people in the country by helping and encouraging them to take up land.

When the Lake St. John Railway was completed some years ago, the management found that the only way to secure traffic for the road was to stimulate the colonization of the fertile valley of Lake St. John by every means possible. To carry this out, a colonization society of which Hon. Jules Tessier was President, was formed by the railway company under the able management of Mr. Rene Dupont; lecturers were sent to all the country parishes of the province armed with magic lantern and statistics; every clergyman had the free right to send two delegates to examine and report upon the country; new settlers and their families and their effects were carried to Roberval free of charge; immigrant buildings were put up to give them shelter on arrival there; steamers were provided to take them to their lands in the lake district, and experienced guides to help them in their first difficulties.

The effect was magical. The 10,000 people who lived in that district previous to that date have now increased to nearly 100,000. The country, in point of cultivation, is like a garden. The district has become the centre of the pulp and paper industry and of cheese-making. It is estimated that eighty million dollars have already been expended on industries on the Saguenay and the St. Maurice, which give employment to 20,000 people, and much greater things in industrial and power development are now contemplated. Let me cite two facts to illustrate the prosperity of the people. Last year a large new college was built at Chicoutimi. A collection was made in the district to pay for and endow it, and the people of that new country subscribed \$600,000. At the other end of the county, 130 miles north of Chicoutimi, the people of the township of Nor-

mandin inaugurated last year a new church which cost \$400,000. Only a few years ago, the few settlers who had then reached Normandin were living in round log huts, helped out in their painful beginnings by colonization societies and charitable people.

The same movement has spread to the Abitibi district since the opening of the Transcontinental Railway six years ago. Where there was only a silent forest there are now 15,000 new settlers, who have given their proofs by raising, last year, agricultural products to the value of a million dollars and have made pulp-wood and sawn lumber, in clearing their farms, to the value of two millions more, and have thus contributed a large share of the traffic of twelve millions which that new railway has surprised everybody by earning.

Surely we should not be so blind as not to understand that the French-Canadian pioneer is the proper man to settle a bush country. It is useless to bring people from Europe to do this work. I tried it, in the Lake St. John district, with a large colony of Finlanders who, coming from a northern forest country, seemed to be suitable for this work and for our climate. The experiment appeared to promise well at first, but they have all gone away.

So I hope that the new management of the Government railways will give special attention to recruiting from this province the surplus agricultural population and help them by every possible means and by using the same methods as were so successful in peopling the Lake St. John country. Take them from the ancestral farm in the old parishes and place them on new lands along the new railways, in the bush and on the prairies. These industrious farmers' sons are as **gold for the colonization movement**, and not one of them should be allowed to escape to the factories of New-England, as multitudes of them have done in the past.

The development of the north country is the cure for the railway deficits from which we are suffering. There is a strip of territory, from two hundred to four hundred miles in width, stretching all the way from Lake St. John to the Rocky Mountains, abounding in spruce forests and water powers—the elements of pulp and paper—and nearly all fit for settlement, and all of it north of our most northern railway lines. If the 2,000 miles of railway which we have wasted in building parallel east and west lines had been built as north and south feeders through that traffic-making zone, there would be no railway operating deficit today, and Canada would have been a broader, more prosperous and more populous country.

It is not too late to remedy the evil. A wise policy of selected immigration; active and systematic plans for the settling on new lands of the farmers' sons who have been accustomed to drift off to the United States; cheap freight rates on export wheat from the prairies to Canadian seaports only, so as to stimulate the settlement of the prairie country; cheap freight rates on the pulpwood and lumber made by the farmer in the bush country in clearing his land; and the

united action of all the railways in carrying out this policy will soon bring the remedy.

I feel sure that the Canadian Pacific, always patriotic, always true to Canadian interests, will not hesitate to join the management of the Government railways in bringing this about; and I feel equally sure that the employees of all the railways, if the matter is placed before them, will not hesitate to do their share to reduce the abnormal percentage which payrolls represent in the operating expenses of the présent-day, by eliminating extra time and burdensome rules, when it can fairly be done, and thus help the managements to make the low rates of freight which are necessary to bring about the more rapid settlement of the country, prairie as well as bush land.

Quebec, 29th November, 1922.

J. G. SCOTT.

(Since this letter was written, the development of the water power of the Grand Discharge of Lake St. John has been agreed upon with the Provincial Government, and work is being actively prosecuted by a powerful company of New York and Quebec capitalists. It is said to be their intention to develop the first unit of 300,000 horsepower with a capital of \$25,000,000, and when the remainder of the million horsepower available shall have been developed the expenditure may reach three or four times that sum.)

QUEBEC CITY COUNCIL

At its meeting, on the 17th November, 1922, adopted the following resolution, as reported in the "Chronicle of 18 Nov.

On motion of Ald. J. H. Bédard, seconded by all the other members the following resolution was passed:

'Whereas it has been publicly stated to be the intention of the new Board of Directors of the Canadian National Railways to make the city of Montreal the operating headquarters of the Government Railway System, and furthermore to divide that system into zones or divisions, making Winnipeg the headquarters of the Western Division, Moncton the headquarters of the Maritime Division and Toronto the headquarters of the Central Division, the latter with control over all the Government Railways in the province of Quebec, as well as those in the province of Ontario;

"Whereas the Toronto management of the railway mileage of the province of Quebec during the last few years has been very prejudicial to the interests of the City of Quebec, inasmuch as it has imposed very heavy freight rates upon the new industries which have come into operation on the railways to the north and northwest of this city, and has thus checked the progress of colonization, and also, by prohibitive freight rates, in spite of the repeated protests of our people, has prevented the grain traffic of the Prairie Provinces from coming over the Transcontinental Railway to Quebec, Montreal, Halifax and St. John, for export, and has thereby diverted that shipping trade to New York:

"Whereas the Quebec & Lake St. John, the Great Northern and the Transcontinental, now forming part of the Government Railway System, and all three terminating in this city, have furnished a very large traffic to the Government Railways, and are not responsible for the alarming operating deficits of the National Railways;

"Whereas the Lake St. John and Great Northern railways were built by the merchants of this city, with substantial money help from the City of Quebec Treasury, and the Transcontinental Railway was also generously assisted by the city of Quebec, by the grant of valuable properties and other concessions, Quebec being the only city in Canada, which has contributed to the cost of building this railway.

Be it resolved:—

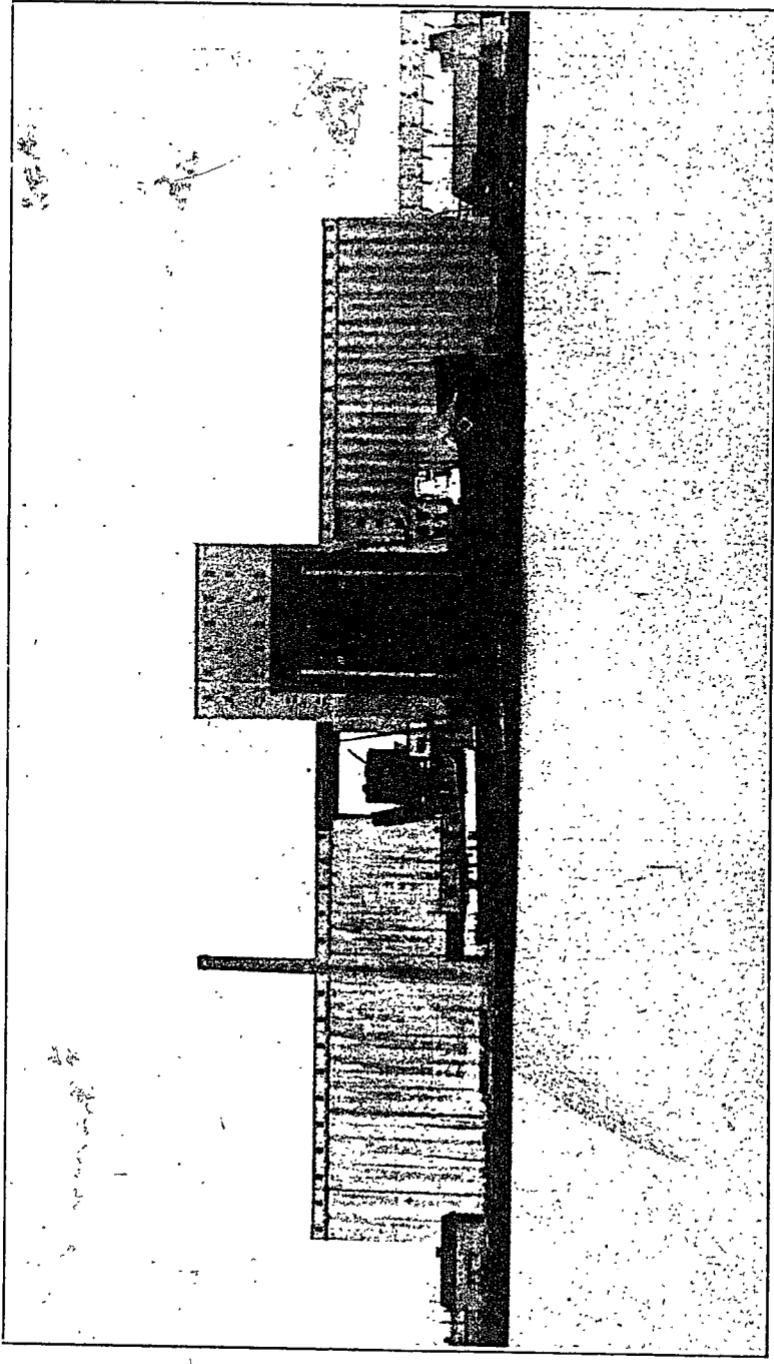
"That the City Council of the city of Quebec is of opinion that this city is entitled to some measure of control in the management of the railways which we have aided, and which terminate here, and that Quebec, Halifax and St. John have the same right to a direct connection with Winnipeg and the Western grain fields, by the Transcontinental Railway, which was built for that purpose, as Montreal already enjoys through the Canadian Pacific, and Toronto through the Canadian Northern;

That for all these reasons, His Worship the Mayor be requested respectfully to suggest to the Right Honourable, the Prime Minister and to Sir Henry Thornton, the President of the Canadian National Railways, the desirability of establishing another railway division, with headquarters in the city of Quebec, to be composed of the Transcontinental, from Quebec to Winnipeg, and the Quebec & Lake St. John and Great Northern roads, all of which terminate in this city."

This resolution brought the following reply from Sir Henry Thornton:

"I beg to acknowledge receipt of your letter of November 20th, enclosing copy of a resolution passed by the City Council. The resolution is illuminating, in that it forcibly sets forth the position of Quebec, and you may be quite sure that the resolution will receive careful consideration.

"It is impossible for me at the moment to give a definite answer, "as I shall have to take sufficient time to examine the position and "decide what should be done. I am sure that your Council as patriotic Canadian citizens, would not wish me to come to premature "conclusions which might not only disadvantageously affect different "communities, but damage the efficiency of the National system of "railways. I can assure you, however, that the desires of so important a City as Quebec will receive from me the most careful and "sympathetic consideration."



New Concrete Elevator at Louise Docks, Quebec—Capacity 2,000,000 Bushels

THE MAYOR OF QUEBEC (MR. JOS. SAMSON)

Wrote to Sir Henry Thornton, President of the Canadian National Railways in December, 1922, as follows,
as reported in the Chronicle:—

"May I be permitted, as Mayor of Quebec, to join in the congratulations which you are receiving upon your appointment to the presidency of one of the greatest,—if not the greatest,—of the railway systems of the world, and to wish you every success in the arduous task which you have undertaken, a task in which, you may rest assured, you will receive the hearty cooperation of every loyal citizen of Canada.

"It is with great pleasure that I note in one of your first public declarations, upon arriving from England, the statement that the head office of this great railway system will be located at the point which shall be found to be the most suitable for the proper operation of the railway.

"May I be permitted, in this connection, to point out to you the advantages of the City of Quebec, as a proper point for such a location.

"Our City is the terminal point of about 3,000 miles of railway, which converge here.

"All the railways terminating here are profitable and show large earnings.

"The Quebec Bridge—the greatest engineering work of its kind in the world—connects the railway systems north and south of the St. Lawrence, and brings Portland as close to Quebec as Montreal is, and the Canadian winter ports of Halifax and St. John 160 miles closer than Montreal.

"The Transcontinental Railway terminating here, shortens the distance between the wheat fields of the Prairies Provinces and the Atlantic by more than 200 miles and its recent construction entirely changes the railway position of this City, and should make of Quebec a new distribution point for the import and export trade of the Western Provinces.

"Quebec is 500 miles closer to Liverpool than New York is, and if we had fair play in the fixing of the ocean freight rates, they should be at least 10 p.c. cheaper than those of Montreal, because of the time, distance, expenses and danger to be saved. The fact that Marine insurance rates are 10 p.c. cheaper here, than from Montreal proves this.

"Quebec is the centre of the paper trade, now the greatest of Canadian industries, and of the lumber trade, and a very large proportion of the cheese made in Canada, and of the best quality, is made in the Lake St. John district and other districts adjacent to this City.

"Quebec should have, through your Transcontinental Railway, as the shortest route by 200 miles, a large share of the export grain

trade of the prairie Provinces, 150 million bushels of which now goes to United States seaports, a disgrace, we think, to the business prestige of the Canadian people. With proper grain storage here as well as at Halifax, St. John and Montreal, your railway should have a constant daily traffic in grain, all the year round, instead of the rush and congestion which takes place every autumn, and results in the diversion of this great trade to United States railways and United States seaports.

"Quebec is the distributing point of the immigration business. All immigrants from Europe land here, and if your Transcontinental Railway division were properly operated for that purpose, the immigrants and the European mails could be landed in Winnipeg nearly half a day quicker than they are at present."

"It is true that our city is smaller than some Canadian Cities. But it is growing more rapidly than almost any other, its present population of nearly 120,000 showing an increase of about 40 p.c. over the previous census, and, as I said before, recent railway and bridge construction have made Quebec a railway centre, situated midway between the eastern and western railways of Canada. And it is a seaport accessible to the largest steamers or battleships afloat, besides being a point for military and naval defence, and having the largest dry dock in the world."

"These are the advantages which we claim, and which I hope to have the pleasure to point out to you before you decide upon the headquarters for your system and its various divisions."

Sir Henry Thornton replied to the foregoing communication in the following terms:

"I beg to acknowledge receipt of your letter of December 4th, and have read with interest and sympathy the various points that you have put forward with respect to the City of Quebec."

The problem of deciding where to place the headquarters of the Canadian National Railways System is not only important, but difficult. A number of cities have urged their claims, and none more forcefully than your City. The whole question will have to be given most careful consideration.

I hope to have an opportunity of spending a day or so in your city in the near future, and at that time I trust I may be able to make your acquaintance.

With renewed thanks for the letter you have been good enough to write me."

UNITED STATES

DO NOT WANT OUR GRAIN TRADE, ACCORDING TO A PRESS DESPATCH FROM CHICAGO ON 2 NOV. 1922

WANT EMBARGO ON CANADIAN WHEAT

American Farm Bureau Federation Asked to Join Middle Western Grain Interests in Effort to Prevent Shipment Through U. S.

Chicago, Nov. 2.—The American Farm Bureau Federation here has been asked to join with other middle western grain interests in an effort to have the Interstate Commerce Commission place an embargo on Canadian wheat shipments through the United States. The demand for an embargo has been spreading among American Grain interests.

It is stated that in past years American wheat which was consigned to Liverpool by way of the Great Lakes and Montreal had been held up in Canada while Canadian wheat had been moved. This it is claimed, constitutes a virtual embargo on American wheat during the rush season. Canadian railroads are unable to handle the bumper crop which has been harvested in the Canadian west this year and consequently no American wheat is going to Montreal.

Investigations are being carried out by the Farm Bureau to ascertain why American shipments are being held up while Canadian shipments over American roads are allowed to go on. It is expected that the next few days will decide whether the request for an embargo will be pushed forward.

There is a serious shortage of grain cars in the grain belt and it is impossible to secure sufficient lake bottoms to transport American grain to the seaboard, and for these reasons, it is argued that an embargo should be levied at once.

It is admitted that the railway situation in the United States is now a serious problem and if an embargo is levied it will help considerably to relieve the shortage. It is stated that farmers are unable to sell their wheat because the elevators are already overflowing.

If the present state of affairs continues, it is expected that the close of navigation will see all the grain boats tied up in Lake Erie ports. This means that the grain would have to stay there until the railroads could clear sufficient space in the elevators to accomodate it.

IN PARLIAMENT

Report of the Special Committee of the Senate Named to Enquire Into the Diversion of the Grain Trade of the Prairie Provinces to New York and other United States Seaports for Export.

The Committee after having examined a large number of railway and steamship freight officials, at Ottawa, reported to the Senate and to the Government as follows, on the 9 June, 1922:

CONCLUSION

After careful consideration of all the evidence submitted, your Committee is of opinion that there exists a most serious condition of affairs, with regard to the diversion of the Western grain trade to New York and other United States sea-ports, for export. There seems to be no doubt that two-thirds, and probably four-fifths of that trade takes that route, and that we are paying many millions annually to United States railways, lake carriers and elevators, that would be earned by our own railways and train men, if it were possible to export this grain at Canadian seaports. Since this evidence was taken, and at the present writing, Government statistics show that the diversion still continues, and that of the bountiful crop of 1921 no less than 99 million bushels of wheat went from Fort William to Buffalo.

After all the sacrifices that Canada has made in building three transcontinental railways, it is impossible that we should go on allowing our seaports to be deprived of their legitimate traffic, to obtain which our people have been and are being so heavily taxed. A persistence in this policy must inevitably lead to serious dissatisfaction not only in Quebec and in the Maritime Provinces, but also amongst the farmers of the Northwest, who will soon realize that these hostile railway tariffs are imposing a burden upon them which they are not called upon to bear.

It may be, as some of our railway witnesses have suggested, that a reduction in the rate upon grain to our seaports might lead to reprisals and corresponding reductions on the part of United States railways which have been handling so large a share of this traffic. But this cannot be injurious to our own railways, because it is an export traffic which, practically, they are not getting.

In any case, such reprisal would certainly benefit the Western farmer, and your Committee feel that it is their duty to report that they recommend that the petition of the Quebec Board of Trade, as stated in the Memorial of that Board to the Railway Commission, dated 3rd February, 1921, hereto attached, be granted, and that the Government be advised:

(1) To cause rates to be granted upon export grain over the Canadian National railways to Quebec, Montreal, Halifax, St. John and Vancouver, such as would develop trade through the above ports.

(2) As a corollary to the recommendation in paragraph one that necessary elevator accommodation should be provided by the Dominion at Canadian ports.

(3) To arrange with the Marine underwriters or others in such a way that the marine insurance rates from Canadian seaports be as cheap as from United States seaports.

Respectfully submitted,

D. O. L'ESPERANCE,
Chairman.

DIVERSION SINCE 1912

The following figures, taken from Government reports, showing the destination of all grain shipped by water from Fort William during six years: were embodied in the report of the Senate:—

GRAIN OF ALL KINDS

Crop Year	To Canadian Lake Ports Bushels	To United States Lake Ports Bushels	Total Bushels
1912-13.....	96,175,742	55,438,492	51,615,234
1913-14.....	94,525,881	93,447,490	187,973,371
1914-15.....	73,226,138	27,848,221	101,074,359
1914-15.....	73,226,138	27,848,221	101,074,359
1915-16.....	127,975,291	192,588,364	330,563,661
1916-17.....	97,171,121	102,258,527	199,429,648
1917-18.....	78,814,408	47,181,655	125,996,063
Total.....	577,888,581	518,762,749	1,096,651,336

— 23 —

— 1922 —

Since the above correspondence was published, the figures of the movement of grain from Fort William, etc., for the whole season of navigation have become available, and they show that the movement to United States seaports has been vastly accelerated—so much so, that, instead of 68 million bushels shipped to Buffalo, etc., up to 21 October, the total has now reached 150 millions, a volume greater than the whole export grain trade of Montreal in 1922, which was 147 millions.

TOTAL GRAIN SHIPMENT

From Head of the Lakes 15th April to 16th December 1922

by water

STATEMENT OF DOMINION BUREAU OF STATISTICS

OTTAWA

	Bushels
To Buffalo.....	126,667,344
" other U. S. lake ports.....	<u>23,558,683</u>
	150,226,027
To Georgian Bay and Port Colborne.....	119,257,113
" Montreal.....	<u>4,710,796</u>
	123,967,909
Total.....	274,193,936

And for the same period in

1921

Bushels

To Buffalo and other United States ports.....	106,599,310
To Georgian Bay, Port Colborne and Montreal.....	119,979,041
Total.....	226,578,351

THE ABITIBI REGION

The Quebec Board of Trade, in urging upon the late Honourable W. C. Kennedy, Minister of Railways, by deputation to Ottawa, in January, 1922, a reduction in the freight on pulpwood and lumber made by the new settlers in Abitibi, in clearing their land, so as to make it possible to move their goods, whose shipment had been stopped by the depression in the paper trade and high freight rates, stated in their memorial:—

"These settlers, 15,000 in number, have made wonderful progress "in the clearing and development of this new country, which only a "few years ago was an uninhabited forest. More than 13 parishes "have been established, and churches built, a large acreage of land "has been cleared, 40 saw mills have been built, and the chief town, "Amos, already has a population of about 2,400.

"The result has been a very large traffic for the Transcontinental, "amounting in 1920, to the wonderful sum of \$11,647,000, 70% of "which was local (this increased in 1921 to \$14,585,286.) But the "railway charges 15 cents per 100 lbs, or \$6 per cord, for moving the "pulpwood of the settlers to the paper mill at La Tuque, or nearly "double the rate charged for moving coal on the Intercolonial. If "the coal rates were adopted, the pulpwood would pay only \$3.32 "per cord. And yet, the pulpwood gives the railway a second freight upon the paper made from it."

As a result of this petition, a reduction was made, but only for a short time, and the old prohibitory rate has again been revived and bids fair to become a serious hindrance to colonization.

The annexed official map of the Government railways shows how straight and short a line is offered by the Transcontinental Railway from Winnipeg to Quebec, Halifax and St. John; and the annexed photographs show the grain elevators and terminals at Quebec.

Louise Docks, Quebec—Outer Basin and Smaller Elevator

